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SUBJECT: PROTESTS IN FINAL YEAR OF PORTILLO ADMINISTRATION

RAISE SPECTER OF DECLINING GOVERNABILITY

Classified By: Political Officer Erik Hall. Reason 1.5 (b&d).

11. (C) Summary: Portillo's virtual absence from public during a time of mounting social protests has led to growing concern about governability. The latest challenges, from teachers, ex-PACs and the "campesinos," are not easily attributed to Portillo's traditional opponents in the private sector, and the GOG has few resources to address their demands. Bloody prison riots fuel public concerns that the GOG may be abdicating its responsibility for security, as the prisons were left in the hands of the mutinous prisoners. As election campaigning begins, Guatemalans are concerned about the growing potential for confrontation and the lack of effective action by the Portillo Administration to resolve the conflicts. One GOG official expressed concern that governability could decline this year as popular demands grow and the GOG either cannot or will not address them. It is important that monitoring of the election begin early so that social tensions do not negatively impact on the transparency of the electoral process. End Summary.

Portillo Faces Growing Challenges in Final Year

12. (C) President Portillo is facing growing pressure from his traditional populist base as he enters the final year of his presidency. His agreement in 2002 to negotiate with former civil patrol members (ex-PACs) a compensation package for their service during the internal conflict led other social sectors to compete for the same potential GOG funds. Public school teachers, an important electoral base of any sitting government, have been on strike for over six weeks seeking a 40% pay increase, and "campesino" groups demanding land are increasingly marching in Guatemala City and blocking roads in the countryside. Portillo's reaction so far has been to let his ministers talk with the protesters without making commitments, but Portillo himself has been out of the public eye for almost a month. He surfaced in Panama for a recent meeting of Central American presidents with Colombian President Uribe, but other than that has not appeared in public and has not spoken to the press. He even recruited Attorney General Carlos de Leon (constitutionally not a member of the executive) to give a nationally televised speech calling, on behalf of the President, for the avoidance of violence in the protests. Portillo's virtual absence has led to much perhaps exaggerated press speculation that Portillo is increasingly disengaging from the day to day issues of governance and that governability will continue to deteriorate in this final year of his administration.

Teachers and Campesinos Drawing Closer

13. (C) As the national teachers strike (an unofficial work stoppage rather than a legally sanctioned strike) entered its sixth week on February 17, police and military MPs cordoned off key government buildings, but could not prevent occupation by protesters. The striking teachers number more than 80,000 nationwide, and on January 30 and February 12 turned out 20-40,000 in the capital -- the largest popular protests in recent history. On February 17, teachers agreed, after mediation by Church leaders, to leave the occupied Finance Ministry and restart dialogue with the Ministers of Labor, Education, and Finance over their demands for more funds for education, but the dialogue so far has not produced the outlines of a solution. Finance Minister Weymann told us that the GOG does not have the funds to back up its original offer of 100 Quetzales (approximately \$13) a month pay increase for the teachers (which the teachers rejected), and said that giving in to the teachers would lead other public sector workers to ask for similar increases which would "break the bank."

14. (SBU) Meanwhile, campesino groups and organized labor have voiced sympathy for the teachers, and talks between the two groups were announced for February 18. Nery Barrios, head of the UASP union confederation which includes the striking teachers and the major campesino federation, told the Ambassador on February 13 that direct action (meaning unsanctioned strikes and street-level protest) are the only means available to workers to counter fruitless dialogue with the GOG. Jose Pinzon, leader of the other major labor federation, the Union of Guatemalan Workers (UGT), said workers are disillusioned by electoral politics, where "(political candidates) run (for office) for the people, but govern for their financial backers."

15. (U) GOG Peace Commissioner Catalina Soberanis told reporters on February 17 that the GOG had completed its census of ex-PACs and had determined that 600,000 people were eligible for compensation. There has been no significant movement, however, on funding a compensation package for the former civil patrol members or the widows and orphans from the internal conflict.

Prison Riots Go Unchecked

16. (SBU) Even as Guatemalans wonder how the GOG is going to address the growing social demands, two bloody riots at local prisons have left many concerned that the GOG is not fulfilling its responsibility to keep order and impose the law. The latest in a series of prison riots, which occurred on February 12, left seven dead at the capital's preventive detention facility, including the convicted murderer of Monsignor Gerardi. Reports that prisoners were playing soccer with the decapitated heads of rival prisoners in full view of the guards left most Guatemalans numbed. News of this gruesome event set off rumors of GOG intentions to use the riot as an excuse to declare a "state of exception or siege." Guatemalans were deeply disturbed by the Government's inability or unwillingness to impose order in the two prisons that were now under the control of the mutinous prisoners. The prison riots coincide with an alarming rise in violent crime that affects all Guatemalans, but especially the poor, and has led some commentators to question whether the Portillo Administration is increasingly abdicating its role to provide effective citizen security.

One GOG Insider Concerned About Lack of Response to Protests

17. (C) The continuing social tensions and the lack of effective GOG response has some concerned within the GOG as well. New Secretary for Strategic Analysis Arturo Montenegro confided to us privately his misgivings about the determination among Portillo Administration hard-liners, especially Vice President Reyes Lopez, to meet growing social and political opposition to the government with confrontation or total inaction.

18. (C) Montenegro believes that the teacher's strike has the potential to become a bigger problem for the GOG. He is concerned that it is only a matter of time before the ex-PAC's begin pressuring the government as well, and said the government doesn't have any solution to offer. Instead, he said, the GOG was seriously considering firing the teachers, adding fuel to the fire. Election pressures will make every possible group surface demanding resources from the government. Meanwhile, he said, the GOG is broke, and cannot honor any promises it makes. In addition, the crime situation is fast getting out of hand and no one has a solution; none of the solutions being talked about in the Cabinet (including using the military) has any hope of addressing the problem effectively, he opined. Finally, Montenegro worried that the international community (including the US) will gradually disengage from Guatemala if they don't see the Portillo Administration addressing its own problems and strengthening governability in this final year.

Comment

19. (C) The confluence of popular demands and street-level protests is no surprise--it has surfaced in several forms since 2000 (which the GOG has dealt with, often by postponing resolution of conflicts) and may increase as the election campaign heats up. The major social groups are competing for resources the GOG doesn't have to offer, and are frustrated after long fruitless efforts at dialogue with the government and a succession of unmet promises. To a large extent, Portillo brought this series of social protests on himself by conceding early to ex-PAC demands for compensation after they blocked tourist and transportation access in the Peten last year.

110. (C) The Government does not appear to have a coherent strategy for dealing with the current social protests, and the lack of leadership, indeed, the virtual absence of President Portillo, has led many to question if the Portillo Administration is beginning to disengage.

111. (C) If the Portillo Administration does not respond effectively to the current challenges to governability, and protests continue through the electoral campaign, public doubts about the transparency of the electoral process will grow. The international community has little to offer the GOG in terms of addressing the underlying problems which have led to the protests, but it is in our interest to seek an early beginning to international election monitoring in order to ensure the transparency and public credibility of the elections.

